



RFP NUMBER: RFP-3-ENG-USADF

REQUEST FOR PROPOSALS

POWER AFRICA OFF-GRID ENERGY CHALLENGE

ROUND III – OPEN JULY 29, 2015

HISTORY OF POWER AFRICA AND THE OFF-GRID ENERGY CHALLENGE

Power Africa is a new US government, interagency, presidential initiative to accelerate and diversify the economic growth in Sub-Saharan Africa through increased power generation and distribution of reliable, affordable and sustainable power and helping to ensure responsible, transparent and effective management of energy resources.

Among the goals of Power Africa are to:

- Increasing access to electricity by adding 60 million new homes and business connections;
- Increase power generation by adding 30,000 megawatts of cleaner, more efficient electricity generation;
- Catalyze investment in the power sector from private sector investors;
- When possible, stimulate renewable power generation, lowering use of diesel, charcoal and wood fuel; and
- Advance mini-grid and off-grid solutions to increase access to underserved areas through the “Beyond the Grid” sub-initiative.

The Off-Grid Energy Challenge was initiated by USADF, in partnership with GE Africa, in September 2013 and is part of Power Africa’s Beyond the Grid sub initiative. Round I of the Challenge was held in the fall of 2013, with six award winners – 3 from Nigeria and 3 from Kenya – announced in November 2013. Round II expanded the partnership to include USAID and was extended to Liberia, Ghana, Ethiopia, Tanzania and once again Nigeria and Kenya. 22 awards were given in September 2014. **The Challenge is designed to achieve the following results to:**

- Increase electrical generation to unserved and underserved communities through sustainable business model solutions;
- Expand electricity access – delivered through off-grid or micro-grid solutions;
- Extend access to electrical power for productive and/or household use;

- Special focus of the Power Africa Off-Grid Energy Challenge is given to off-grid solutions that employ renewable resources and power economic activities. While this may include power to meet household consumer needs, emphasis is given to the delivery of power to productive or commercial activities including agricultural production and processing, off-farm businesses, and commercial enterprises, among others.

INTRODUCTION

The United States African Development Foundation (USADF) is excited to request proposals for the Power Africa Off-Grid Energy Challenge Round Three. Proposals of up to US\$100,000 per award will be considered and approximately nine awards are anticipated for 2015.

For 2015 applications, applicants must be located and have their projects implemented in one of the following countries:

- Rwanda
- Zambia
- Uganda

Projects are to be focused on increasing sustainable energy access – particularly off-grid solutions – extending the delivery of electrification to un-served and underserved communities in the target countries. The type of renewable energy technologies to be proposed may include, but not limited to, solar, biogas, biomass, hydro, wind, direct use geothermal and hybrid systems.

In this third round of competition, nine winning proposals – approximately three per country - will be selected, with the funding of each proposal up to a maximum of US \$100,000.

ELIGIBILITY CRITERIA

USADF will consider proposals from 100% African owned and 100% African managed enterprises, associations or organizations. **Passports of owners and senior managers must be submitted with the applications.** The organizations must not be government owned or operated in any way. Applicants may be developers of their own technology and/or may be acquiring and implementing technology developed elsewhere. Applicants need to be legally registered in the project country, demonstrate the capacity to track and manage the project resources and operate in good standing with their local government. Projects are not to exceed 12 months in duration.

Winning projects must:

- Further develop, scale up or extend use of proven technologies for off –grid energy.
- Benefit marginalized or low income rural or urban populations currently underserved by utility companies.
- Demonstrate financial sustainability or the potential for financial sustainability.
- Have a proven track record of experience or project sponsors or partners with a proven track record of related experience.
- Proposals are to be limited to a maximum of US\$100,000.
- Leveraged funds from other sources are encouraged. Applicants must bring leveraged resources from one or more sources to meet the total financing requirements for projects that are greater than US\$100,000. These other sources of funds must be adequately documented to be considered.

- Project must be located within the country of application.

Categories of Applicants:

1. **Companies providing energy services** that deliver energy to underserved, marginalized communities.
2. **Companies providing/developing new technologies** such as metering, payment collection, systems transmission, etc. which facilitate energy delivery to underserved, marginalized communities.
3. **Community Associations, Cooperatives and Organizations** that are securing energy for their own community members/stakeholders/constituents.

APPLICATIONS WILL ONLY BE CONSIDERED IF:

1. They are 100% African owned and passports showing citizenship are submitted;
2. They are 100% African managed (senior managers);
 - o All members of the Board of Directors and senior management must be from and reside in the country where the project will be located;
3. They express clearly how they will benefit marginalized, grassroots people in the country of application;
4. They are fully and legally registered in the country in which they are proposing to operate and the registration is submitted;
5. The proposed project meets the 12 month timeline requirement;
6. They document adequate expertise in the field they are proposing or document how they will acquire the expertise to carry out the project;
7. They must plainly document how the concept is feasible to be carried out.

PROPOSALS

PROJECT DESIGN

Projects characteristics may include, but are not limited to:

1. Provide off-grid energy to rural or urban areas and populations currently lacking energy access. **Distance of the site from the grid is to be included. An explanation on why grid connection is not feasible is necessary, including an estimate of the cost to connect to the grid. Best understanding of how long it will take for the area to connect to the grid to be stated. If the proposal is for an urban area or an area with grid connections, a justification is to be included.**
2. Focus includes reaching un-served, underserved or marginalized populations.
3. Include power for economic activities and demonstrate the potential for financial sustainability.
 - o For example, economic activities could include value addition through small scale value added processing. The actual or potential business impact is to be addressed in the proposal.
 - o Some measure of financial return on investment, such as payback period, internal rate of return or other is to be included.
4. Demand driven: Is the project meeting a clearly known and unmet demand?
5. Demonstrate potential to operate as a commercially viable business. This is to be demonstrated in the application.

6. Leverage financing from sources in addition to Challenge funds.
7. In the case of a private company developing energy enabling technology, funds may be used for business plans, studies to expand markets, test innovations or leverage financing with the goal of increasing service delivery of off-grid energy to marginalized populations.
8. Introduce innovative metering, payment, collection systems or other enabling technology that can extend the reach of service delivery to marginalized populations.
9. Operate within only one country. Projects must be located within the country of application.
10. Special consideration will be given to applications aimed at improving the lives of women and/or supporting women-owned organizations.

Types/categories of Projects to be considered:

- Productive use (not just household use).
 - o Off-grid energy solutions for mechanization of processes such as grain milling, oil expelling, refrigeration, transport, etc. Solutions are to explain clearly how they will be commercially viable. It is expected that use of the power will address a business solution(s) that will generate ongoing revenue and profits to sustain the enterprise. This must be clearly explained in the proposal.
- Mini-/micro-grids
 - o Any project that involves captive generation, isolated distribution and/or grid connected (e.g. micro- or mini-grids).
 - o Small-scale power generation systems which provide an alternative to, or an enhancement of, national/regional grid connected electric transmission.
- Products/home systems
 - o Products or systems installed directly in the homes of off-grid households, which supply energy directly to marginalized populations currently (and in the foreseeable future) lacking access to energy.
 - o Focus must be on distribution systems which are scalable and can be replicated, in addition to being affordable.
- Innovations
 - o Projects may not necessarily be for power generation only – they may also include provision of innovative metering, payment systems or other enabling technology, especially if they are an innovation in the country where they are proposed. If it is an innovation, then a clear and simple explanation is needed of why the innovation is important and what it will do for the sector or the population.

Management/Ownership models:

- Small and Medium Enterprises.
- Other private ownership models.
- Community-based organizations, cooperatives, NGOs. This would include community-based organizations acquiring a technology or service to benefit the underserved community.
- Hybrid organizations as long as they do not include government ownership.

APPLICATION PROPOSAL TEMPLATE:

Applicant Background Information

- a. Name and ownership details. Passport verification of citizenship.
- b. Registration details
- c. Applicant history, legal address and contact information

Applicant Profile

- d. Current Activity
- e. Past Track Record of Accomplishments
- f. Past Financial performance including audited financial statements (if available)
- g. Business References

Proposal

- h. Project Summary
- i. Project location and target population
- j. Distance of project site to national grid
- k. Documentation that site is selected, land is purchased or leased, or documented evidence that the applicant will be able to purchase/lease the land by the date the grant is signed. No changes will be possible with the project site.
- l. Description of the problem the project addresses
- m. Project description
 - i. Brief description of project
 - ii. Goals, objectives and intended impact
 - iii. Target market
 - iv. Renewable energy technology type
- n. Key risks and plans to mitigate
- o. Environmental compliance
- p. Senior management and technical team and background including verification of citizenship
- q. Project ownership and governance
- r. Relevant expertise
- s. Project timelines/milestones
- t. Financial Sustainability
- u. Financial Estimate
- v. Estimated return on investment
- w. Total project cost
- x. Status of other investors/funders

Proposed Use of Grant Funds

- y. Description/narrative of the use of grant funds
- z. Budget line details (Budget Category and Budget Estimate)
- aa. Budget Justification (Budget Category and Justification)
 - i. A detailed budget justification is to be included. A narrative describing why the proposed equipment is appropriate in size and scope for this plan. This is to show why each budget item proposed for the project is required to carry out the project and why each budget item is needed at that level. Example: Why are these sizes of solar panels required, why is this size of generator required?

- ii. Three quotes are to be included for all items over US \$3,000. Contact information for the quotations is to be included. Quotations should provide specifications of items being proposed. For example, size and type of solar panels.
- bb. Cost verification will not be required in the proposal submission. Three quotes are to be submitted with the application for all items over US \$3,000. In addition, during the due diligence phase for shortlisted applicants, three competitive quotes are to be submitted for each item over US \$1,000 and less than \$3,000. Selected quotations should identify a vendor for items between US \$1,000 and \$3,000 with contact information as well as an explanation of why the item's cost is reasonable.

Attachments

1. Nationality verification documents of owners and senior management (passports)
2. Proof of registration (registration document)
3. Referral letters
4. Prior audited financial statements (where available)
5. CV of key management and technical personnel
6. 3 quotations with contact information for all items over US \$3,000

The Application is not to exceed fourteen pages (with font size not be to smaller than 10 points).

PROPOSAL ASSESSMENT AND PRIMARY SCORING CRITERIA

The following criteria will be used to assess and score the proposals. It is important that each criterion be fully addressed and clearly explained in the proposal.

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| 1 | Likelihood of successful execution (potential viability of proposed concept) and capacity to execute, including applicant's prior related experience, not limited to energy projects | 20% |
| 2 | Significance of problem being addressed/Scale of potential impact/marginalized population reached | 20% |
| 3 | Potential long term viability and financial results (including return on investment) | 20% |
| 4 | Leveraging of financial resources | 10% |
| 5 | Innovation of proposed solution and possibility for replication | 15% |
| 6 | Application aimed at improving the lives of women and/or supporting women-owned organizations | 15% |

WINNING APPLICATIONS WILL FULLY ADDRESS THE FOLLOWING:

IN THE PROJECT APPLICATION, PLEASE MAKE SURE THE FOLLOWING ISSUES ARE ADDRESSED:

Under the Applicant profile:

1. Credibility and organizational soundness. This is to cover the organization that is applying as well as partners and key stakeholders.

Under the Project Description in the template:

2. Primary Impact: How will the power be available? Will the project increase access? Will the project increase efficiency and reliability?

3. Catalytic Impact: Does the project have potential for scalability, replicability or demonstration impact? How is the applicant's business model or team differentiated from others?
4. Project Viability: Is the project viable in terms of technical merit, bankability, affordability, return on investment, environmental impact, social impact and timeline? What are the anticipated ongoing maintenance costs and how will they be addressed?
5. Risk Assessment: What are the key risks facing the successful development, implementation and sustainability of the project?

Under the Estimated Investment Requirements and/or the Status of other investors/funders:

6. Private Sector Leverage: How does the project utilize private sector investment and participation?
7. Indication of funding commitments.

APPLICATION PROCESS

All applicants are required to use the linked business proposal template. The completed proposal template along with the required documentation should be submitted by email on or before September 9, 2015 in Rwanda, Uganda and Zambia to the appropriate email address for the applicant's country:

1. OffGridChallengeRwanda@usadf.gov
2. OffGridChallengeUganda@usadf.gov
3. OffGridChallengeZambia@usadf.gov

Proposals will only be accepted at the above email addresses for each country.

General inquiries can be directed to OffGridChallenge@usadf.gov and will not be accepted at the other email addresses.

TIMELINE

The open period for submission of applications from Rwanda, Uganda and Zambia will run from July 29 to September 9, 2015. Proposals received from those three countries after the closing date of September 9 will not be accepted.

Applications will be reviewed and evaluated by a panel of judges with expertise in the field. Shortlisted applications will be contacted in September and October for due diligence purposes and for clarification of project concept and details. Applications that are not shortlisted will not be contacted.

All three countries' winners are expected to be announced in November 2015.

ABOUT USADF

USADF was established in 1980 to invest in Africans and their ideas. As defined in its founding legislation, USADF funds African enterprises, cooperatives and associations with a maximum grant size of US \$250,000. Each year, USADF awards grants directly to cooperatives, SMEs and community-based organizations to build capacity and

expand economic activities. In 19 countries with over 400 project grants, USADF is benefiting over a million and a half Africans. These people are marginalized by location, gender, ethnicity and other factors and underserved by public, financial and other resources including electricity. USADF operates as the only US government agency centered on an African-led grassroots development model to encourage shared prosperity.